

103^D CONGRESS
2^D SESSION

S. 2525

To require a majority vote of the Securities and Exchange Commission for the adoption of accounting standards and principles used in the preparation of financial statements required under the Securities Exchange Act of 1934.

IN THE SENATE OF THE UNITED STATES

OCTOBER 6 (legislative day, SEPTEMBER 12), 1994

Mr. LIEBERMAN (for himself, Mr. MACK, Mrs. BOXER, Mr. SMITH, Mrs. FEINSTEIN, Mr. ROBB, Mr. GREGG, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require a majority vote of the Securities and Exchange Commission for the adoption of accounting standards and principles used in the preparation of financial statements required under the Securities Exchange Act of 1934.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Accounting Standards
5 Reform Act of 1994”.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) under the Securities Exchange Act of 1934,
4 the Congress granted the Securities and Exchange
5 Commission (hereafter in this Act referred to as the
6 “Commission”) broad authority to set financial ac-
7 counting and reporting standards for publicly held
8 companies;

9 (2) historically, the Commission has delegated
10 such responsibility to the private sector, to the ex-
11 tent that the private sector demonstrates an ability
12 to fulfill such responsibility in the public interest;
13 and

14 (3) although the Commission has reserved the
15 right to disapprove standards proposed by the pri-
16 vate sector, a more affirmative process is needed to
17 ensure that the public interest is protected.

18 (b) PURPOSES.—The purposes of this Act are—

19 (1) to clarify the Securities Exchange Act of
20 1934 with regard to the Commission’s responsibility
21 in setting financial accounting and reporting stand-
22 ards for publicly held companies; and

23 (2) to ensure that the public interest is served
24 in the financial accounting standards setting proc-
25 ess.

1 **SEC. 3. ADOPTION OF ACCOUNTING STANDARDS AND PRIN-**
2 **CIPLES FOR PURPOSES OF THE SECURITIES**
3 **EXCHANGE ACT OF 1934.**

4 Section 13(b)(1) of the Securities Exchange Act of
5 1934 (15 U.S.C. 78m(b)(1)) is amended by adding at the
6 end the following: “On and after the date of enactment
7 of the Accounting Standards Reform Act of 1994, any new
8 accounting standard or principle, and any modification to
9 an existing accounting standard or principle, to be used
10 in the preparation of financial statements required to be
11 filed pursuant to this title shall become effective only fol-
12 lowing an affirmative vote of a majority of a quorum of
13 the members of the Commission.”.

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